

Message Text

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PAGE 01 ZAGREB 00437 170809Z
ACTION EUR-12

INFO OCT-01 ISO-00 EB-08 /021 W
-----125183 181412Z /43

R 161614Z MAY 78
FM AMCONSUL ZAGREB
TO AMEMBASSY ROME
INFO SECSTATE WASHDC 5220
USDOC WASHDC
AMEMBASSY BELGRADE

UNCLAS ZAGREB 437

FOR MARITIME ATTACHE SCAFIDI FROM POPE

E.O. 11652: N/A
TAGS: EWWT, YO
SUBJECT: YUGOSLAV CONTRACT TERMS ON SHIP EXPORT ORDERS

1. JADRANBROD, ASSOCIATION OF SIX LARGEST YUGOSLAV SHIPS,
PROVIDES THE FOLLOWING INFORMATION RE FINANCING AND EXCHANGE
RATE PROBLEMS.

2. FINANCING: VIRTUALLY ALL SHIPS SOLD ON CREDIT, USUALLY
FOR SEVEN YEARS. IN SOME CIRCUMSTANCES, CREDIT TERMS ARE
LONGER THAN SEVEN YEARS. APPROXIMATELY 70 PERCENT OF PRICE
IS FINANCED AT 7-8 PERCENT. THESE TOO ARE NEGOTIABLE.

3. EXCHANGE RATE PROBLEMS: YUGOSLAV SHIPBUILDING INDUSTRY
WOULD LIKE TO BE ABLE TO SELL ON SLIDING PRICE SCALE ACCORD-
ING TO BASKET OF CURRENCIES BUT NOT ABLE TO DO SO. CURRENT
PROCEDURE IS TO AGREE ON FIXED PRICE IN DOLLARS. (NOTE:
INTERLOCUTORS ADMITTED THAT WEAKNESS OF WORLD DEMAND FOR
SHIPS FORCING THEM TO OFFER MORE FLEXIBLE TERMS WITH
WHICH THEY ARE NOT HAPPY.)

4. NEW ORDERS: ACCORDING TO JADRANBROD, YUGOSLAV SHIP-
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BUILDERS IN REASONABLY GOOD SHAPE THROUGH MID-1980. THIS
IS RESULT OF SOVIET 5-YEAR SHIP PROCUREMENT PROGRAM, ORDERS
BY DEVELOPING COUNTRIES (NIGERIA-8; SUDAN-6; INDIA-4) AND
INCREASED ORDERS BY DOMESTIC YUGOSLAV SHIPPERS.

5. NEW REGULATIONS TO PROMOTE SHIP EXPORTS: YUGOSLAV PRESS
OF MAY 13 REPORTS PROPOSED DECREE BY INTER-REPUBLICAN COMMITTEE

FOR FOREIGN TRADE WHICH IS TO BE ADOPTED AT NEXT SESSION OF
FEDERAL EXECUTIVE COUNCIL. DECREE ESTABLISHES UNIFORM CRITERIA
FOR CREDIT TO FOREIGN COUNTRIES IN THEIR PURCHASES OF VARIOUS
YUGOSLAV GOODS AND SERVICES AND IS ESPECIALLY EXPECTED TO
IMPROVE TERMS UNDER WHICH SHIPS ARE EXPORTED. KAISER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SHIPS, EXPORTS, MARINE TRANSPORTATION, CONTRACTS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978ZAGREB00437
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780209-0675
Format: TEL
From: ZAGREB
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780552/aaaabrwo.tel
Line Count: 67
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: e6333e9c-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 28 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2672302
Secure: OPEN
Status: NATIVE
Subject: YUGOSLAV CONTRACT TERMS ON SHIP EXPORT ORDERS
TAGS: EWWT, YO, US
To: ROME
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/e6333e9c-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014